



Dear Concerned Texan,

Thank you for clicking “TAKE ACTION” on www.progresstexas.com and emailing the auto-generated letter to me. I appreciate your interest in Texas public education finance.

My constitutional duty as Commissioner of the Texas General Land Office is to earn money for Texas schoolchildren. However, since the School Land Board (SLB) has already voted to send \$500 million — a 150% increase over previous years — sending an additional \$300 million could be financially irresponsible and damage the future of public school funding.

Progress Texas states “Texas voters approved \$300 million in school funding. . . .” Progress Texas calls for the School Land Board — part of the General Land Office (GLO) — “to release the \$300 million from the Available School Fund” (ASF).

If you read Proposition 6 that Texas voters approved in November 2011, you’ll find that Proposition 6 does not mention \$300 million anywhere. Instead, the text reads “. . . allowing the General Land Office to distribute revenue from Permanent School Fund land or other properties to the Available School Fund. . . .”

“Allowing” makes the distribution of revenue discretionary — not mandatory. In other words, the amendment permits but does not require a release of any certain dollar amount or any dollars at all.

Additionally, in accordance with Proposition 6 language, the GLO now has the option of distributing TO the Available School Fund — not FROM the ASF as Progress Texas demands. Indeed, were the SLB to do as Progress Texas suggests, Texas schoolchildren would receive \$300 million LESS — not more — from the SLB! Clearly, Progress Texas’ confusion between “to” and “from” and the difference between the PSF and the ASF negatively impacts their credibility.

The purpose of Proposition 6 is to allow the GLO the option of a direct transfer of dollars to the ASF — instead of being limited to a direct transfer of our earnings only to the PSF. When the GLO has cash that is not yet invested — “hoarding” per Progress Texas — and when the SLB does not anticipate good investment opportunities, we will send additional dollars to the ASF, up to the 6% maximum payout enumerated in the Texas Constitution.

The Texas Constitution refers to the \$26 billion trust fund as the “Permanent” School Fund (PSF) for a reason. The PSF is constitutionally dedicated to public education. The biennial payout is constitutionally limited as mentioned above. Were this not the case, past legislatures

would have long ago depleted the fund so that they could brag about how they didn't increase your taxes. Simply put: Spending the school kid's savings to cover today's bills is irresponsible. The corpus of the fund is meant to grow and has been doing just that. Failure to make investments that grow the corpus and/or paying out more dollars than is financially prudent will negatively affect the growth of the PSF.

Importantly, the PSF guarantees all school district bonds. Having \$26 billion in cash as a guarantee means all school bonds issued in Texas have the highest bond rating and; therefore, the lowest possible debt service. Yet another reason we must continue investing to grow the fund.

During the last legislative session, legislators elected not to tap the Economic Stabilization Fund, commonly known as the Rainy Day Fund. Many legislators took great pride in that decision. However, some now seek to tap the GLO managed portion of the PSF for \$300 million, possibly because they believe voters to be less knowledgeable about the PSF as Progress Texas' misinterpretation of Proposition 6 demonstrates.


Why is that a bad choice? Very simply because last year the GLO managed PSF portfolio earned 22 percent and, due to statutory liquidity requirements, the Rainy Day Fund earned just 1 percent. If your family needed a quick infusion of cash, would you withdraw cash from the investment account earning 22 percent or the account earning 1 percent?

I assure you that I and the other two School Land Board members take our fiduciary duty very seriously. An erroneous, auto-generated mass email generated by an uninformed "campaign" — no matter the quantity — has little effect and no credibility when we form our decisions.

Funding for Public Schools is complicated and important enough for you to spend the time to get the facts straight. By participating in Progress Texas' "slacktivist" campaign, you allowed them to put your name on a letter that is erroneous, misguided, and pointless. I encourage you to dig deeper, get involved, and don't let some third-party organization do your civic duty for you.

If you are serious about your commitment to Texas public education, I encourage you to personally contact the Land Office for more information. The schoolchildren of Texas deserve your full participation.

Sincerely,



JERRY PATTERSON

Commissioner, Texas General Land Office